The transportation blame game

A devastating hurricane striking New Orleans was one of three catastrophic events envisioned by government planners prior to Sept. 11. In the aftermath of Katrina, there have been many attempts to assign blame for the lack of a timely and comprehensive response. The problem is complicated by the fact that the response involved all levels of government: federal, state and local.

On the federal level, focused spending was clearly forgone. This could apply to the federal government’s decisions (1) not to increase spending on New Orleans’ flood-control infrastructure, and (2) to fund other choices within the Department of Homeland Security. The roots of many of these problems are in congressional insistence to spread the money among as many constituencies as possible.

Many people are coming to understand that the U.S. is in urgent need of a strategic spending strategy. For homeland security, that means creating a truly national preparedness and response system while expanding national capacity to respond to catastrophic events.

Unfortunately, such an approach for transportation seems anathema to many because it resembles industrial policy—which “picks” winners and losers. But the recently enacted SAFETEA legislation picked a lot of winners: $24 billion was designated for 6,371 earmarks.

Amid all of this largesse, it seems shortsighted that our nation’s two largest container seaports — with truly nationally significant projects — were shortchanged in SAFETEA. In California, the Alameda Corridor East received $167 million out of a requested $900 million. And the Chicago Regional Environmental and Transportation Program (CREATE) — which was viewed as a prospective model for public and private partnerships (the railroads had already pledged over $200 million) — received $100 million out of a requested $400. (Chicago is the largest “container port” in the U.S., handling almost 11 million TEUs a year by rail.)

Southern California alone needs at least $20 billion in freight infrastructure over the next 20 years to accommodate anticipated growth. Unfortunately, rational funding discussions are forestalled by industry concerns that the government will impose fees as a “revenue grab” to offset state and local revenue shortfalls. These fears are not unfounded. Cities and states around ports have assessed fees and “cost recoveries” to help offset budget woes.

Any discussion of transportation policy is further complicated because different modes are assessed infrastructure charges (and other fees) in a wide assortment of methods. Some feel that highway users are subsidized; however, trucking companies point to the significant taxes that they pay into the highway trust fund. Ocean carriers maintain that customs duties should be redirected into infrastructure — rather than to general government revenue.

In Los Angeles and Long Beach, perhaps the front lines of this battle, the Southern California Association of Governments is hoping that it can develop a middle ground. SCAG’s position is that fees are necessary — but only in the context of the private sector’s embrace of a viable business model. Their example is the Alameda Corridor, the rail link between the ports and railyards in downtown Los Angeles. For nearly a decade, the western railroads fought against the corridor until they realized that it made business sense for them. Then the railroads replaced the lobbyists opposing the corridor with ones in favor of it.

Although there has recently been some revisionist history, the Alameda Corridor was supported as a viable business enterprise by the entire stakeholder community: railroads, steamship lines, ports, marine terminals and customers. At the time, the idea of a dedicated fee to repay bonds issued to pay for specific transportation infrastructure was hailed as a major advancement.

When TEA-21 reauthorization began, a Freight Stakeholder Coalition was formed to ensure that freight interests were protected. The key recommendation incorporated into SAFETEA required states to spend 2 percent of federal funds on intermodal connectors. (These roads are in worse condition than the overall national highway system.) Unfortunately, this provision was struck from the legislation at the last minute to pay for non-freight interests. Because most congressional members voted on the 1,200-plus-page legislation without even reading the bill, this omission was not immediately discovered.

SAFETEA had 12 extensions. It is a six-year bill that already has only four years to go. We must discuss how the next legislation will support the transportation industry. The next bill may be our last chance to make meaningful changes before national gridlock sets in. We need to start thinking about what is best for the nation. If we don’t, there will be plenty of well-deserved blame.

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